

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Notice: PIH 2000-22 (HA)

Special Attention of:
Secretary's Representatives;
State/Area Coordinators;
Senior Community Builders;
Public Housing Directors;
Public Housing Agencies

Issued: June 29, 2000

Expires: June 30, 2001

Subject: Instructions for Submitting First Public Housing Agency (PHA) Plans for PHAs with Fiscal Years beginning on October 1, 2000 (including Community Service Requirements)

I. Summary

This notice provides instructions to Public Housing Agencies (PHAs) with fiscal years beginning on October 1, 2000 (October PHAs) on submission of PHA Plans as provided in the PHA Plans Final Rule (issued October 21, 1999), found at 24 CFR part 903. October PHAs must use currently available templates and instructions in completing their plans, with exceptions and clarifications noted below. Exceptions and clarifications address the new Community Service requirements of section 12(c) of the U.S. Housing Act of 1937 and plans for the Capital Fund and Public Housing Drug Elimination Programs. Background on this notice and PHA Plan guidance to date is also provided below.

II. Instructions for Submission of PHA Plans.

A. PHAs with Fiscal Years beginning on October 1, 2000 (October PHAs)

October PHAs are instructed to use the currently available template (issued July, 1999) and "Instructions and Supplemental Guidance for Preparation and Submission of PHA Plans" ("Instructions")(issued in Notice PIH 99-51 (HA)) to prepare and submit their PHA plans, *with certain exceptions specified below*. If a PHA Plan that has already been made available for public display must be revised to meet the requirements of this notice, the PHA must make the revised plan available to the Resident Advisory Board and public as soon as practicable. PHAs will not be required to re-start the required public availability period for modifications made to comply with this Notice, however.

As a convenience to the reader, the Instructions issued in Notice PIH 99-51 (HA) are available on HUD's PHA Plans web page (address below). They are available in two versions. The first version is Notice PIH 99-51 (HA) as it was issued. Notice PIH 99-51 (HA) transmitted only amendments to the Instructions issued in the previous Notice on this subject, Notice PIH 99-33 (HA). The other version is the full text of the Notice PIH 99-33 (HA) Instructions, as they appear when amended by Notice 99-51 (HA). *Please note that no changes were made to the Instructions document since the issuance of Notice PIH 99-51 (HA)*

B. Exceptions to Instructions issued in Notice PIH 99-51 (HA) for October PHAs

1. Description of the PHA's Implementation of Community Service Requirements

HUD has now issued regulations implementing section 12(c) of the U.S. Housing Act of 1937 regarding community service requirements for public housing residents. Under this new section 12(c), each adult resident of public housing must participate in eight hours of community service and/or economic self-sufficiency activities per month, unless they meet criteria for an exemption. The new regulations, at 24 CFR Part 960, Subpart F, were issued as part of the "Changes to Admission and Occupancy Requirements in the Public Housing and Section 8 Housing Assistance Programs; Final Rule" in the March 29, 2000, *Federal Register*. As specified in this rule, PHAs with fiscal years beginning on or after October 1, 2000 are required to implement the community service requirements and to include a description of how the PHA will comply with community service requirements in their next PHA Plans.

Prior to issuance of this rule, PHAs were not required to address how they would fulfill the community service requirements of section 12(c) in their PHA Plans. As a result, the section of the current PHA Plan template in which PHAs would normally describe their efforts to fulfill the community service requirements ("Component 12. PHA Community Service and Self-Sufficiency Programs") does not have a space for PHAs to provide this description. Until the template is updated to provide such a space, PHAs must submit this brief description as an attachment to the PHA Plan. The attachment should be provided at the end of the template file that is transmitted to HUD. PHAs should list the "Implementation of Public Housing Resident Community Service Requirements" as a "Required Attachment" to the PHA Plan in the Annual Plan Table of Contents. Please note that PHAs still are required to complete the existing portions of Component 12 of the PHA Plan template in addition to this new attachment.

PHAs are not required to submit their full local policy on administration of community service requirements (pursuant to 24 CFR Part 960.605) as part of the plan. Rather, the description in the plan should be no more than one page in length, and may be shorter. It must address the administrative steps being taken to implement the requirement (scheduled changes in leases, development of written description of the service requirement, written notification to residents regarding requirement or exempt status of each adult family member, entering into cooperative agreements with TANF (welfare) agencies to assist the PHA in verifying residents' status, whether the PHA or another entity will administer the program, etc.) and the programmatic aspects of the requirements (including the types of activities that residents who are subject to community service requirements may participate in to fulfill their obligations, which partner agencies may offer residents opportunities to fulfill requirements, etc.). ***PHAs are required, however, to make the full policy on administration of community service requirements a supporting document to the PHA Plan.***

Exemption for High-Performing and Small PHAs Completing Streamlined Plans:

Public housing high performers and small PHAs are not required to complete Component 12 of the PHA Plan template as part of their streamlined plans. As described above, the description of PHA implementation of Community Service Requirements is included in Component 12. These PHAs, therefore, are **not required to include the short description** of their implementation of the community service requirements and self-sufficiency activities as an attachment to the PHA Plan. However, these PHAs still **are required** to implement the community service requirements, develop a policy on administration of community service requirements, and make that policy a locally-available supporting document to the PHA Plan.

III. Additional Clarifications and Advice

A. Clarification of Capital Fund Program Requirements

The Department has received several inquiries regarding the planning requirements for the Capital Fund Program (CFP) Annual Statement and 5-Year Action Plans. We are providing the following guidance to minimize any confusion among PHAs.

Fungibility and Large Capital Items: As stated in Notice PIH 99-51 (HA), PHAs are required to submit a CFP 5-Year Action Plan listing all "large capital items." Although PHAs are only *required* to list large capital items on their 5-Year Action Plan, PHAs will only be permitted to exercise fungibility (as defined in 24 CFR Part 968.305) between work items that *are* included in the Annual Plan and/or 5-Year Action Plan. PHAs that wish to exercise fungibility should include as many work items in the 5-Year

Action Plan as necessary, even if some of the items are not large capital items. If a PHA wishes to conduct a non-emergency capital work item that has not been included in a previously approved plan, it must first amend its plan through the significant amendment process to add the work item. The amended plan must be approved by HUD before the PHA may begin work.

Use of Capital Funds for Operating Costs: As stated in Notice PIH 99-51(HA), PHAs are permitted to expend some or all CFP funds on operating costs (depending upon PHA size and performance). PHAs wishing to expend CFP funds on operating costs have been permitted to do so by reporting the amount of funds “transferred” to operating costs on Budget Line Item (BLI) “1406” in the “CFP Annual Statement Part 1: Summary” and drawing the funds down to the general ledger after budget approval.

It has come to HUD’s attention that some PHAs are expending funds reported on BLI 1406 on standard capital—not operating—costs after they have been added to the general ledger. Amounts allocated by PHAs to line 1406 should only be those used for true operating costs. PHAs must distribute amounts intended for use on capital activities among the remaining capital-related BLIs in the CFP Annual Statement.

B. Use of Actual Formula Amounts in CFP and PHDEP Budgets

Within the next several days, each PHA will receive a letter advising it of the actual formula allocations calculated for the Federal Fiscal Year (FFY) 2000 CFP and Public Housing Drug Elimination Program (PHDEP). October PHAs should use the actual formula amounts to prepare their CFP and PHDEP budgets that are submitted to HUD in the PHA Plan if possible, and are therefore encouraged to wait until they have received this letter to submit the PHA Plan to HUD. PHAs that revise budgets based upon actual formula amounts after the Plan has been placed on public display will not be required to re-start the public display process, but must make the revised budgets available to the Resident Advisory Board and public as soon as possible.

IV. Background

Section 511 of the Quality Housing and Work Responsibility Act of 1998, referred to as the Public Housing Reform Act of 1998 (PHRA), created the public housing agency plans -- a 5-Year Plan and an Annual Plan. The 5-Year Plan describes the mission of the agency and the agency’s long range goals and objectives for achieving its mission over the subsequent 5 years. The Annual Plan provides details about the agency’s immediate operations, program

participants, programs and services, and the agency's strategy for handling operational concerns, residents' concerns and needs, programs and services for the upcoming fiscal year.

On February 18, 1999, HUD issued an Interim Rule implementing the PHA Plan. On July 29, 1999, PIH issued Notice PIH 99-33. Attachment B to Notice PIH 99-33 (HA) transmitted “Instructions and Supplemental Guidance For Preparation and Submission of PHA Plans” (Instructions) under the Interim Rule. These Instructions included the announcement of the availability of the template PHAs must use to create and electronically submit PHA Plans to HUD (form HUD 50075) and the creation of the HUD website for PHA Plans (referenced below).

Following public comment and an “enhanced” rulemaking process that included four public forums on the rule, HUD issued the *Public Housing Agency Plans; Final Rule* on October 21, 1999. The PHA Plan regulations established in the final rule are found at 24 CFR Part 903. Significant changes in the regulation between the February 18, 1999 Interim Rule and the Final Rule were listed in the preambles to the rule. The Final Rule, at section 903.7, states that HUD will advise PHAs by notice of any additional instructions or directions necessary for the submission of their first plans.

Notice PIH 99-51 (HA), issued on December 14, 1999, provided those additional instructions and direction on PHA Plan submissions for PHAs with fiscal years beginning prior to July 1, 2000. The additional Instructions, which included the release of a Public Housing Drug Elimination Program (PHDEP) Plan template, were stated as amendments—substitutions or additions—to the Instructions that had been provided as Attachment B to Notice PIH 99-33(HA). Anticipating that the template and Instructions would be revised to accommodate changes in the PHA Plan and other PHRA implementing regulations, Notice PIH 99-51 (HA) also informed PHAs that HUD would issue further instruction to PHAs with fiscal years beginning on July 1, 2000 and October 1, 2000 regarding the template they should use. Notice PIH 2000-12 (HA) instructed October PHAs that they should use the currently available template (issued July, 1999) and Instructions (issued in Notice PIH 99-51 (HA)) to commence the planning process for their PHA Plans, but that a new template may be issued for their use.

HUD has decided not to issue a revised template for October PHAs. This notice, Notice PIH 2000-22 (HA) instructs October PHAs that they should use the currently available template (issued July, 1999) and Instructions (issued in Notice PIH 99-51 (HA)) to prepare and submit their PHA Plans, with the exceptions noted above.

V. Further Reference

The template, instructions and all guidance for PHA plans that are referenced and transmitted in this Notice are available on HUD's PHA Plans webpage at:

<http://www.hud.gov/pih/pha/plans/phaps-home.html>. This website will also be used to transmit additional information about the PHA Plans, as it becomes available. Questions may also be directed to the Public and Indian Housing Information Resource Clearinghouse at 1-800-955-2232.

/s/

Harold Lucas
Assistant Secretary
for Public and Indian Housing